

ITIN Acceptance Agents' Readiness for Filing Season 2010



Wage & Investment Division
January 7, 2010

Webinar Agenda

- Understanding the ITIN process
- Defining the vital role of Acceptance Agents
- Improving the quality of W-7 submissions
- Upcoming changes in the Acceptance Agent Program for 2010



Understanding the ITIN Process

What is an Individual Taxpayer Identification Number (ITIN)?

- A tax processing number issued by the IRS for tax purposes only
- Available only to individuals who are required to have a taxpayer identification number for tax purposes



Understanding the ITIN Process

Determine Your Client's Tax Status

- Step One
 - Determine the tax status of your client
 - Green Card Test, Permanent Resident Card
 - Substantial Presence Test



Understanding the ITIN Process

Form W-7 – Reason for Applying

- Step Two
 - Categories are listed under “Reason for Applying” on Form W-7.
 - Check the box that best describes the reason for submitting Form W-7.



Understanding the ITIN Process

Form W-7 – Reason for Applying

- Check **only** one box unless one of the following conditions are met.
 - If you choose box “a” you must check box “h” and provide the treaty country name and article number.



Understanding the ITIN Process

Form W-7 – Reason for Applying

- If you choose box “f” you **must** check box “h.” Write-in “Exception 2(b)” and provide the treaty country name and article number. Missing treaty information will result in a suspended application.



Understanding the ITIN Process

How and When to Apply for an ITIN

- Use the most current version of Form W-7 or W-7(SP) to avoid processing delays. Go to www.irs.gov to obtain one.
- Form W-7 or W-7SP must be attached to a U.S. Individual Income Tax Return unless one of the five exceptions is claimed.



Understanding the ITIN Process

Available ITIN Publications

- **Publication 1915**, Understanding Your IRS Individual Taxpayer Identification Number ITIN
- **Publication 4520**, Acceptance Agent Guide for Individual Taxpayer Identification Number - for Acceptance Agents only



Understanding the ITIN Process

Available ITIN Publications

- **Publication 4327**, Facilitating Participation in the Tax System, provides general information



Understanding the ITIN Process

ITIN Documentation

There are two categories of Documentation for ITIN purposes.

1. **Supporting ID Documents** prove the applicant's foreign status and identity.
2. **Supplemental Documents** prove that applicants meet the exception criteria.



Understanding the ITIN Process

ITIN Documentation

Supporting ID Documents

- Should be listed on your Certificate of Accuracy if you are a Certifying Acceptance Agent
- Otherwise, you must attach appropriately certified or notarized documents, if not originals



Understanding the ITIN Process

ITIN Documentation

- You are responsible for determining and certifying the validity of the documentation.
- Supporting ID Documents must be
 - Original
 - Properly Certified or Notarized copies, or



Understanding the ITIN Process

ITIN Documentation

- Apostille
 - Copies notarized by foreign notary publics, authorized to certify documents under the Hague Convention.
 - Acceptable if they attach an *Apostille* to the copy, which must remain attached to the document submitted to the IRS.



Understanding the ITIN Process

ITIN Documentation

Supplemental Documents prove that applicant meets the exception criteria.

- Verify which one of the exceptions is met
- Provide the specific documentation required and must be attached to Form W-7



Understanding the ITIN Process

ITIN Documentation

- Supplemental Documents **must** be submitted with Form W-7 in lieu of a valid U.S. Individual Income Tax Return by **both** Acceptance Agents and Certifying Acceptance Agents.
- A Certificate of Accuracy is submitted with Form W-7 and completed by a Certifying Acceptance Agent only.



Understanding the ITIN Process

Signature Requirements

A W-7 for a dependent under 18 years of age may be signed by:

- The applicant
- The applicant's parent
- A court-appointed guardian
- A Power of Attorney, Form 2848



Understanding the ITIN Process

Acceptance Agent's "Use Only"

- Any designated employee of the organization can complete this section.
- The date that the application is signed should be in MM/DD/YYYY format.
- Enter organization's name as listed in your agreement.
- Enter your EIN and Office Code Number.



Improving the Quality of W-7 Submissions

The Top W-7 Application Errors

Reasons for Suspension or Rejection

1. No reason given for applying
2. Missing supporting documentation
3. Not attaching a valid federal tax return
4. Unacceptable documentation
5. W-7 for dependent not claimed on federal return



Improving the Quality of W-7 Submissions

The Top W-7 Application Errors

6. W-7 for a dependent who does not qualify
7. Foreign address missing on Line 3
8. Person signing is not authorized to sign the W-7



Role of Acceptance Agents

Acceptance Agents Play a Vital Role

- Determination of client's eligibility for an SSN
 - Advise ineligible clients to obtain a letter of denial to attach to their W-7.
 - If you are unsure, visit the Social Security Administration's Web site at www.ssa.gov .



Role of Acceptance Agents

Acceptance Agents Play a Vital Role in the ITIN Process by

- Being located in close proximity to ITIN applicants,
- Facilitating and expediting the issuance of ITINs, and
- Completing Form W-7 accurately and forwarding or certifying required documentation.



Program Changes are Being Implemented in 2010

- The IRS is implementing major changes to the existing AA program to improve the overall delivery of the program.
- IRS is establishing procedures that will require all Acceptance Agents to adhere to these changes.
- Changes will be rolled out in 2010.



Program Changes are Being Implemented in 2010

Types of Program Changes

- Mandatory training for all new or renewing applicants.
- Open Season will be held May 1 to August 31, 2010, for the submission of Form 13551. Applications will no longer be accepted year round.



Program Changes are Being Implemented in 2010

Types of Program Changes

- New Quality Standards will be put in place and monitored.
 - All agents must meet a standard acceptance rate for submitted applications.
 - Excessive reject and/or suspense rates could result in termination from AA program.



Program Changes are Being Implemented in 2010

Types of Program Changes

- Compliance Reviews will be conducted by the Internal Revenue Service.



Program Changes are Being Implemented in 2010

Types of Program Changes

- Failure to comply with official information requests from the Treasury Inspector General for Tax Administration (TIGTA) and Government Accountability Office (GAO) will result in termination.



ITIN Program Office Contacts

Thank you for participating in today's webinar. If you have questions please contact the ITIN Policy Section.

- E-mail us at ITINProgramOffice@irs.gov
- ITIN Phone 404-338-8963

